

A.I.D. Program No. 658-K-601
A.I.D. Project No. 658-0004

PROGRAM
GRANT AGREEMENT
BETWEEN
THE GOVERNMENT OF SAO TOME AND PRINCIPE
AND
THE UNITED STATES OF AMERICA
FOR
ECONOMIC SUPPORT

Dated: September 25, 1992

No. 658-K-601: 72-112/31037 GES 2-92-31658-KG31

BEST AVAILABLE DOCUMENT

1

PROGRAM GRANT AGREEMENT

Grant Number 658-K-601

Dated: September 25, 1992

BETWEEN

The Government of Sao Tome and Principe ("Grantee"), represented by the Permanent Mission of the Democratic Republic of Sao Tome and Principe to the United Nations,

AND

The United States of America, acting through the Agency for International Development ("A.I.D."),

Together referred to as the "Parties."

Article 1: The Program

SECTION 1.1: Definition of the Program. The Program which is further described in Annex 1 consists of economic assistance to support the Grantee's program of economic stabilization.

SECTION 1.2: The Grant. In support of the Program, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Government of São Tome and Principe under the terms of this agreement, not to exceed Three Hundred Fifty Thousand United States Dollars (US\$350,000) ("Grant"), to be disbursed in accordance with articles 2 and 3 below.

SECTION 1.3: Program Assistance Completion Date ("PACD")

(a) The PACD, which is March 31, 1993, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all activities contemplated by the Program will have been performed or furnished, respectively, as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree to in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for the Program as contemplated in this Agreement subsequent to the PACD.

BEST AVAILABLE DOCUMENT

2

Article 2: Conditions Precedent to Disbursement

SECTION 2.1: Conditions Precedent. Prior to the disbursement under the grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) An opinion of counsel of recognized authority that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;

(b) Documents setting forth the authority of the person or persons who will act as representatives of the Grantee under Section 7.2, together with a specimen signature of each person named in such documents; and

(c) A list of the Grantee's proposed debt service payments which will be made under this program, designating the creditor or creditors, bank, account number, payment due dates and amounts due.

SECTION 2.2: Notification. When A.I.D. has determined that the conditions precedent specified in Section 2.1 have been met, it will promptly notify the Grantee in writing.

SECTION 2.3: Terminal Dates for Conditions Precedent. If all of the conditions specified in Section 2.1 have not been met within 90 days from the date of this agreement, or such later date as A.I.D. may agree to in writing, A.I.D. at its option, may terminate this agreement by written notice to the Grantee.

Article 3: Disbursement

SECTION 3.1: Disbursement of the Grant. After satisfaction of the conditions precedent, the Grantee may request A.I.D. to disburse funds under the Grant. After review and approval of the documentation submitted by the grantee, A.I.D. will disburse grant funds directly to the Grantee's creditors in accordance with the approved schedule of debt service payments.

SECTION 3.2: Date of Disbursement. Disbursement of funds by A.I.D. will be deemed to occur on the date A.I.D. disburses the funds in accordance with section 3.1.

Article 4: Uses of the Grant.

SECTION 4.1: Utilization.

(a) Funds disbursed under the Grant shall not be commingled with funds from any other source prior to authorized use. Except as A.I.D. may otherwise agree in writing, funds disbursed under the Grant shall be used to pay debt owed by the Grantee to the African Development Bank or multilateral development banks, provided payment of such debt is consistent with the agreed rescheduling and restructuring arrangements where applicable.

(b) Debt service payments shall be subject to prior A.I.D. approval in writing, and actual payments shall be effected by A.I.D. directly to the creditor.

SECTION 4.2: Books and Records. The Grantee will maintain financial records, in accordance with generally accepted accounting principles, to assure compliance with this agreement. Such records shall be maintained by the Grantee at least three years after the date of last disbursement by A.I.D. of Grant funds and shall be made available upon request for examination at any reasonable time by authorized representatives of A.I.D. Financial records shall be suitable, at a minimum, to document the use of the Grant for those purposes permitted under Section 4.1.

SECTION 4.3: Reports. Unless A.I.D. agrees otherwise in writing, the Grantee will furnish to A.I.D., in form and substance satisfactory to A.I.D., reports on the use of Grant funds. The first report will be due two months after the initial disbursement under the grant. Any subsequent reports shall be furnished to A.I.D, as necessary, at ensuing monthly intervals until the Grantee has satisfactorily reported on the uses of all Grant funds. In the reports, the Grantee shall certify that books and records relating to the use of the Grant funds are being maintained or caused to be maintained in accordance with Section 4.2 of this agreement.

Article 5: Covenants.

SECTION 5.1: Completeness of Information. The Grantee confirms:

(a) That the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on this Grant, are accurate and complete, and include all facts and circumstances that might materially affect this Grant and the discharge of responsibilities under this Agreement; and

(b) That it will inform A.I.D. in a timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Grant or the discharge of responsibilities under this Agreement.

SECTION 5.2: Reports. In addition to the requirements of Section 4.3, the Grantee will furnish A.I.D. such other reports and information relating to the Grant and the performance of the Grantee's obligations under this agreement as A.I.D. may reasonably request.

SECTION 5.3: Special Covenants.

(a) The Grant will be free from any taxation or fees imposed under the laws in effect in the Government of Sao Tome and Principe, or which may become effective during the term of this Agreement.

(b) The Grant will not be used to finance military, paramilitary, or police requirements, of any kind, including the procurement of commodities or services to be used by the military or police, or to pay principal or interest on loans to the military or police or on loans or credits that originally financed military or police requirements.

Article 6: Termination; Remedies.

SECTION 6.1: Termination. This Agreement may be terminated by mutual agreement of the Parties at any time. Either Party may terminate this Agreement by giving the other Party thirty (30) days written notice. Termination of this agreement will terminate any obligations of the Parties with respect to funds not yet disbursed under the Grant but shall not affect obligations of the Parties with respect to funds already disbursed at the time of such termination.

SECTION 6.2: Suspension. If at any time:

- (a) The Grantee shall fail to comply with any provision of this Agreement; or
- (b) Any representation of warranty made by or on behalf of the Grantee with respect to obtaining this Grant or made or required to be made under this agreement is incorrect in any material respect; or
- (c) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purposes of this Grant will be attained or that the Grantee will be able to perform its obligations under this Agreement; or

(d) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or

(e) A default shall have occurred under any other agreement between the Grantee or any of its agencies and A.I.D. or any of its agencies;

Then A.I.D. may suspend or cancel this Agreement upon written notice to Grantee.

SECTION 6.3: Cancellation by A.I.D. If, within sixty (60) days from the date of suspension pursuant to Section 6.2, the cause or causes thereof have not been corrected, A.I.D. may cancel any part of this Grant that is not yet then disbursed or irrevocably committed to third parties.

SECTION 6.4: Nonwaiver of Remedies. No delay in exercising or omitting to exercise, any right, power, or remedy accruing to A.I.D. under this Agreement will be construed as a waiver of such rights, powers, or remedies.

SECTION 6.5: Refunds. In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies provided for under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. dollars to A.I.D. within sixty (60) days after receipt of a request therefor.

The right to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three (3) years from the date of the last disbursement under this Agreement.

Article 7. Miscellaneous.

SECTION 7.1: Program Implementation Letters. From time to time, A.I.D. will issue individually or jointly with the Grantee implementation letters providing information and guidance with regard to the procedures applicable to the implementation of the Agreement. Except as permitted by particular provisions of this Agreement, implementation letters will not be used to amend or modify the text of this Agreement.

SECTION 7.2: Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the person holding or acting in the Office of the Ministry of Foreign Affairs, and A.I.D. will be represented by the individual holding or acting in the office of Director, AID/AFR/CCWA, each of whom, by written notice, may designate

additional representatives. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 7.3: Communications. Any notice, request, document or other communication submitted by either party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following address:

To the Grantee:

Third Secretary
Permanent Mission of the Republic of Sao Tome and Principe
to the United Nations
801 2nd Avenue
New York, NY 10017

To A.I.D.:

Director
Office of Central and Coastal West African Affairs,
Room 2733
Agency for International Development
320 21st Street, N.W.
Washington, D.C. 20523

Other addresses may be substituted for the above upon giving of notice.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this agreement to be signed in their names and delivered as of the day and year first above written.

UNITED STATES OF AMERICA

By: 

for Myron Golden
Director

Date: Sept. 25, 1992

THE GOVERNMENT OF SAO TOME
AND PRINCIPE

By: 

Aderito Ramos
Third Secretary

Date: SEPT. 28, 1992

BEST AVAILABLE DOCUMENT

7